

Economic (Business) Cycles

Published in 2000, updated on April 1, 2015.

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Please note: Best viewed at 1280 x 1024 resolution.

Texts in blue italics are "*quotes*."

Texts in blue underline are links.

Texts with **N** or **U** signify new or updated text.

Texts in black on white background are my texts, including My Fragments (MF#).

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Cycle Quotes

T. S. Eliot (1934). "Collected Poems 1909-1962," opening stanza from "Choruses from 'The Rock,'" p. 147.

*"The Eagle soars in the summit of Heaven,
The Hunter with his dogs pursues his circuit.*

O perpetual revolution of configured stars,

O perpetual recurrence of determined seasons,

O world of spring and autumn, birth and dying!

*The endless cycle of idea and action,
Endless invention, endless experiment,
Brings knowledge of motion, but not of stillness;
Knowledge of speech, but not of silence;
Knowledge of words, and ignorance of the Word.
All our knowledge brings us nearer to our ignorance,
All our ignorance brings us nearer to death,
But nearness to death no nearer to GOD.
Where is the Life we have lost in living?
Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?
The cycles of Heaven in twenty centuries
Bring us farther from GOD and nearer to the Dust."*

•

Irving Fisher (1928). "The Money Illusion." Martino Publishing, p. 196.

"We have seen that the so-called business cycle is largely a "dance of the dollar" and that a more stable dollar will flatten out this cycle and go far to remedy the crises, depressions and unemployment from which we have suffered so grievously."

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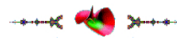
Willford, I. King (1938). "The Causes of Economic Fluctuations." The Ronald Press, p. 244.

"If the oscillations in business are dominated by forces following some mathematical formula, whether that formula be one representing a composite of sine curves or otherwise, the pattern of business must to a considerable extent be repetitive in nature and hence predictable. For any curve, or combination of curves, represented by mathematical formulae, can be reproduced indefinitely into the future."

•

Erwin Schrödinger (1944). "What Is Life?" Cambridge, p. 77.

"The unfolding of events in the life cycle of an organism exhibits an admirable regularity and orderliness, unrivalled by anything we meet with in inanimate matter."



My Fragments - From My Personal Point of View

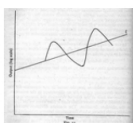
For the complete list, please see [Tamari](http://www.bentamari.com).

*MF4: Evolution of form is birth and death, construction and destruction, trial and error ...
forever, but accompanied by a self-correcting mechanism/feedback. Added 1 January 2003.*

MF7: Globalization + Computerization = Tsunamization. Added 9 October 2008.



Theory



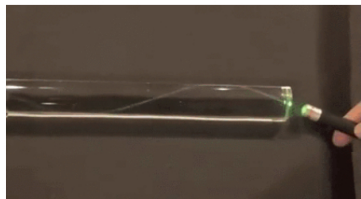
A good book to start with: Hicks, J.R. (1950). "A Contribution to the Theory of the Trade Cycle." Oxford.

Table 2.1 Classification of Business Cycle Theories.

- I. Relatively simple uncausal theories
 - A. Agricultural (W. S. Jevons, H. S. Jevons, H. L. Moore)
 - B. Psychological (Mills, Pigou)
 - C. Purely monetary (Hawtrey)
- II. Business economy theories
 - A. Price/cost relations, profit margins (Mitchell, Lescure)
 - B. Inventory cycles (Abramowitz, Stanback)
- III. Theories emphasizing the savings-investment process
 - A. Pre-Keynesian
 1. Overinvestment
 - a. Monetary (Wicksell, Hayek, Mises, Machlup, Robbins, Ropke, Strigel)
 - b. Nonmonetary
 - (1) Shortage of capital (Tugan-Baranowsky, Spiethoff, Cassel)
 - (2) Innovation (Schumpeter)
 2. Underconsumption (Lauderdale, Malthus, Major, Douglas, Sismondi, Foster and Catchings, Lederer, Hobson)
 3. Marxian
 - B. Keynesian
 - C. Post-Keynesian
 1. Dynamic models
 - a. Multiplier-accelerator interaction (J. M. Clark, Aftalion, Samuelson, Fellner)
 - b. Growth-Cycle (Harrod, Hicks, Domar, Lundberg, Kalecki, Kaldor)
 - c. Neo-Marxian (Sherman, Evans)
 - d. Chaos (Baumol and Quandt, Brock and Sayers)
- IV. New classical theories
 - A. Monetarist (Friedman, Brunner, Meltzer, Schwartz, Cagan)
 - B. "Real" business cycle (King, Ploesser, Walsh)
 - C. "Supply side" (Laffer, Craig, et al.)
 - D. Political business cycle (Kalecki, Nordhaus, MacRae, Meiselman)
 - E. Rational expectations (Muth, Lucas, Sargent, Wallace, Barro)

Source:
Niemi, M.P. and Klein, P.A. (1994) "Forecasting Financial and Economic Cycles", Wiley.

As long as the money (M1) relative to output (GDP) is at an optimum quantity, there are almost **no** economic cycles (straight line). When money starts to be out of the optimum, economic cycles start to build up (Sinus-like).

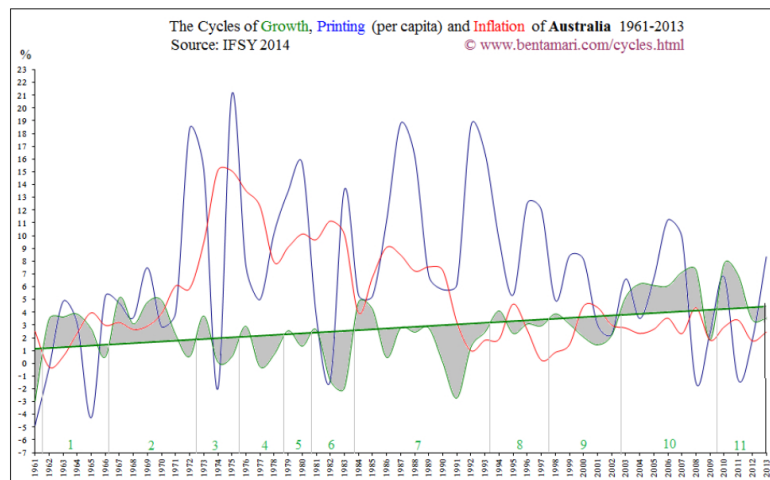


Empiric

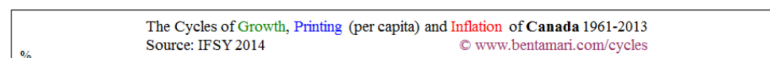
► A nation's average *growth* cycle is *tend* to **5.5** years; the average cycle of [sunspots](http://www.bentamari.com/cycles.html) is **11** years.

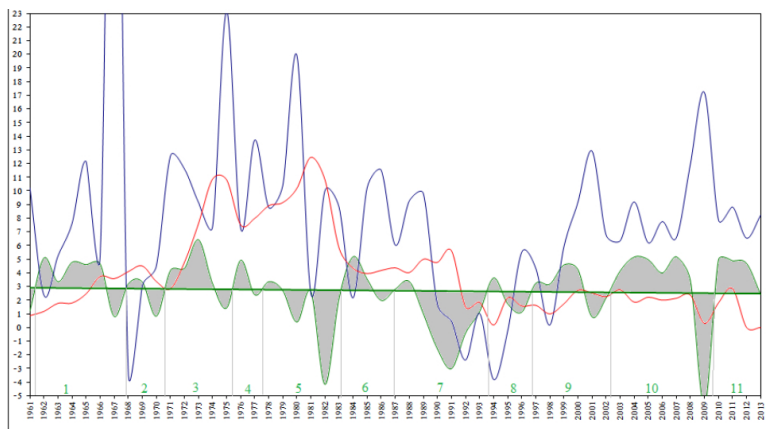
Countries:

The economic cycles of **Australia** 1961-2013.

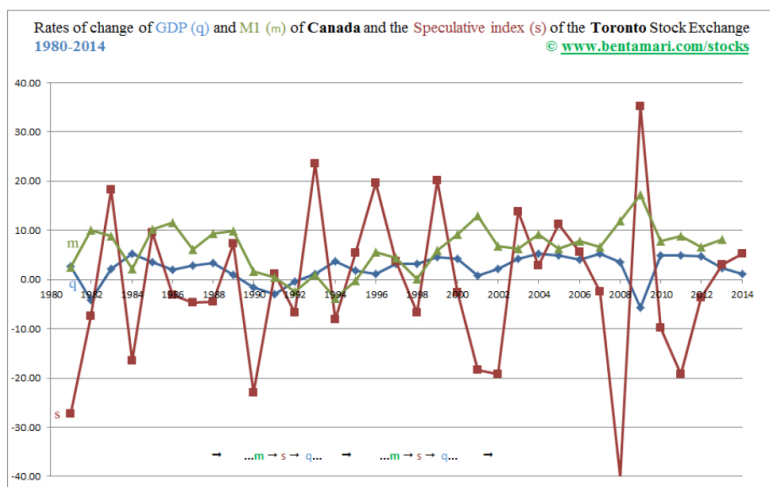


The economic cycles of **Canada** 1961-2013.

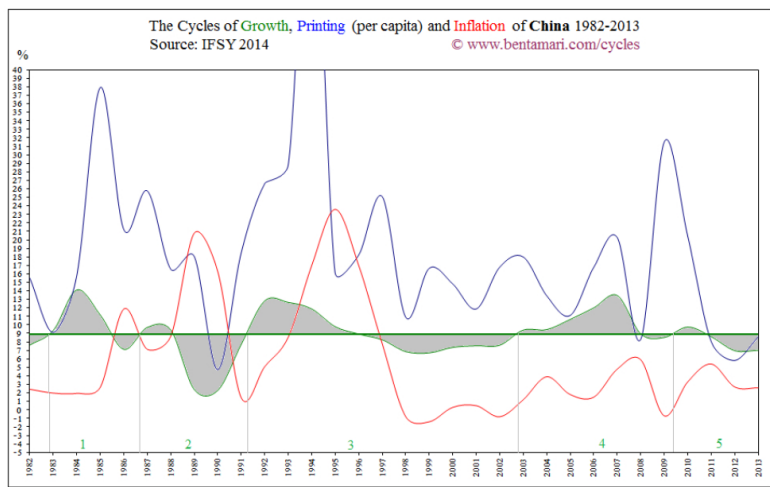




Average cycle of growth in Canada is 4.8 years.

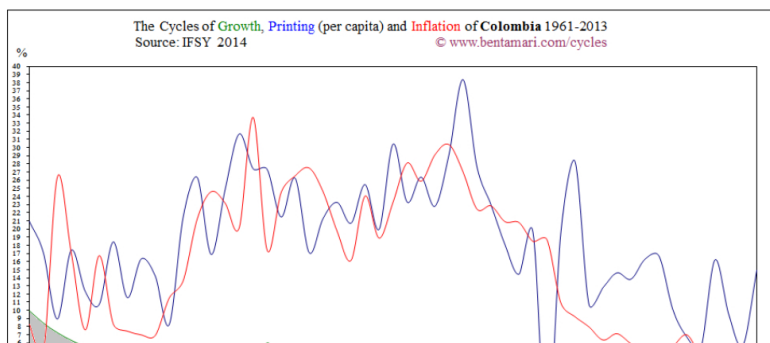


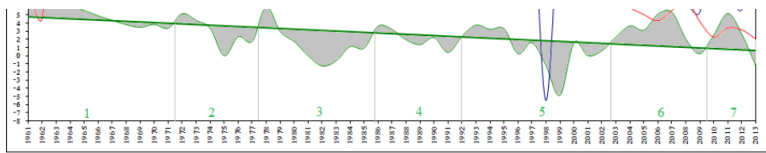
The economic cycles of China 1982-2013.



Average cycle of growth in China is 6.5 years.

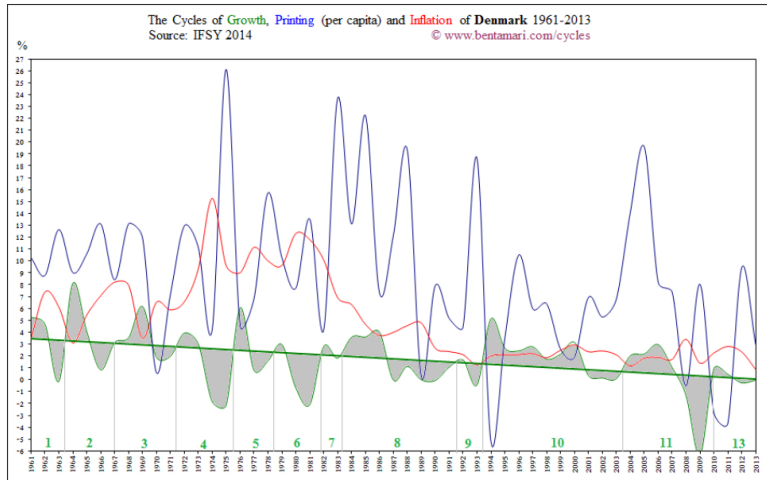
The economic cycles of Colombia 1961-2013.





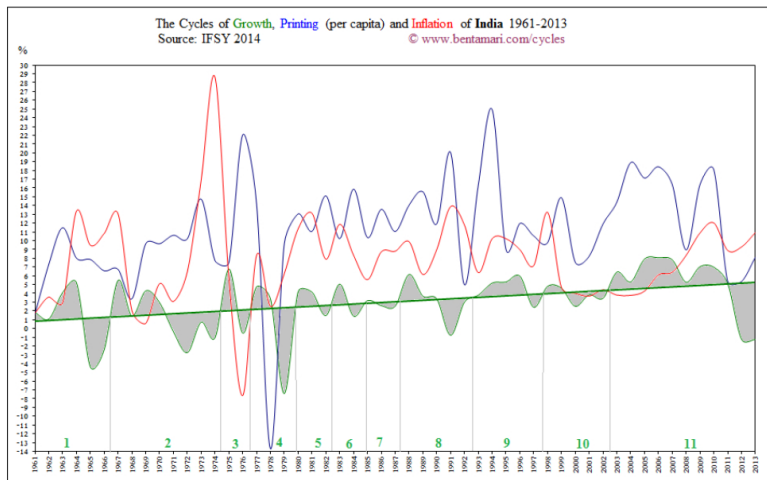
Average cycle of **growth** in Colombia is 7.6 years.

The economic cycles of **Denmark** 1961-2013.



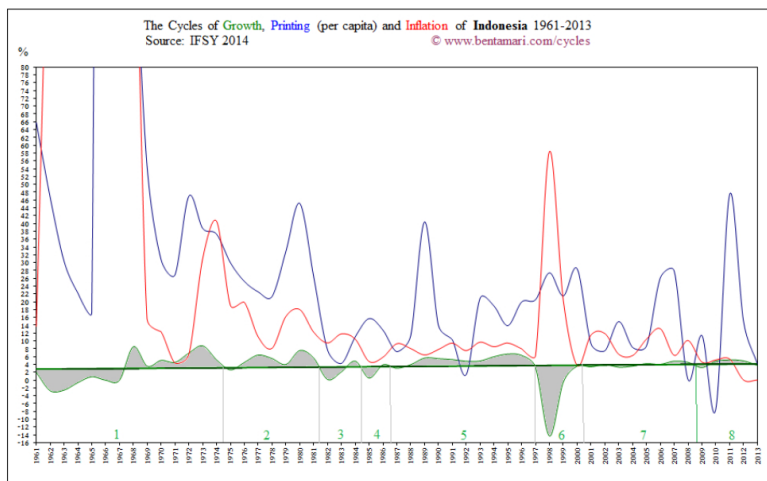
Average cycle of **growth** in Denmark is 4.4 years.

The economic cycles of **India** 1961-2013.



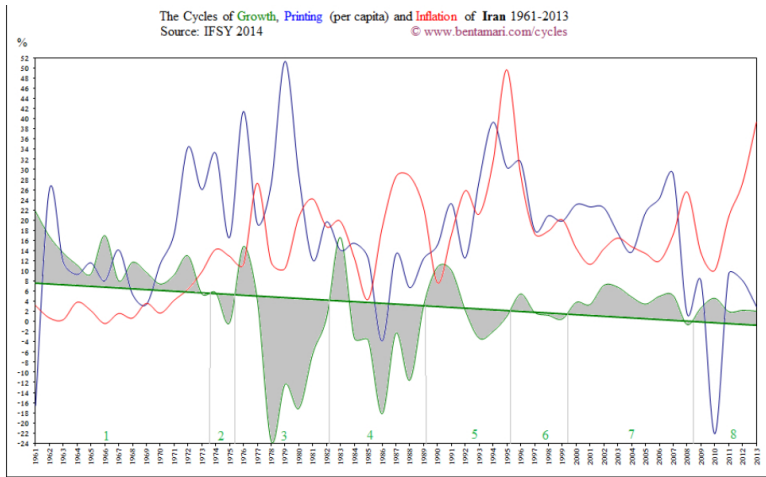
Average cycle of **growth** in India is 4.8 years.

The economic cycles of **Indonesia** 1961-2013.

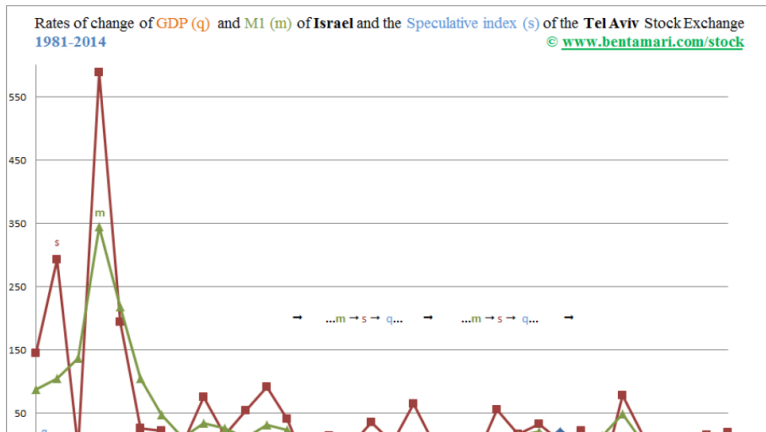
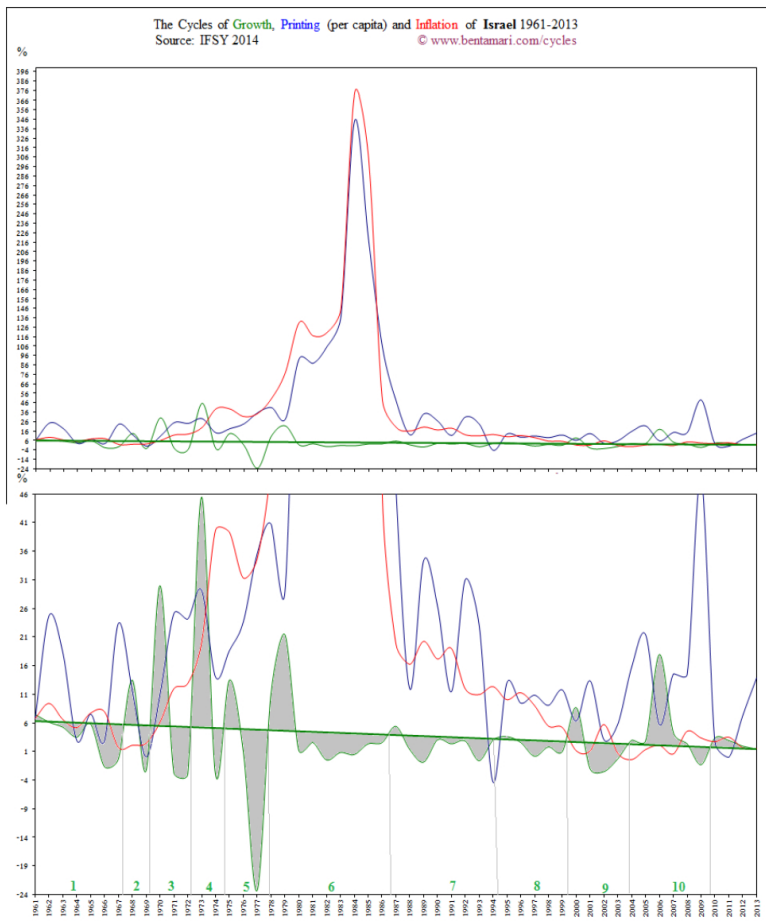


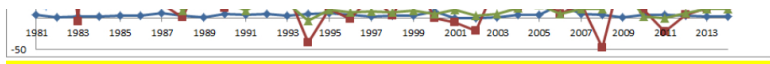
Average cycle of **growth** in Indonesia is 6.6 years.

The economic cycles of **Iran** 1961-2013.

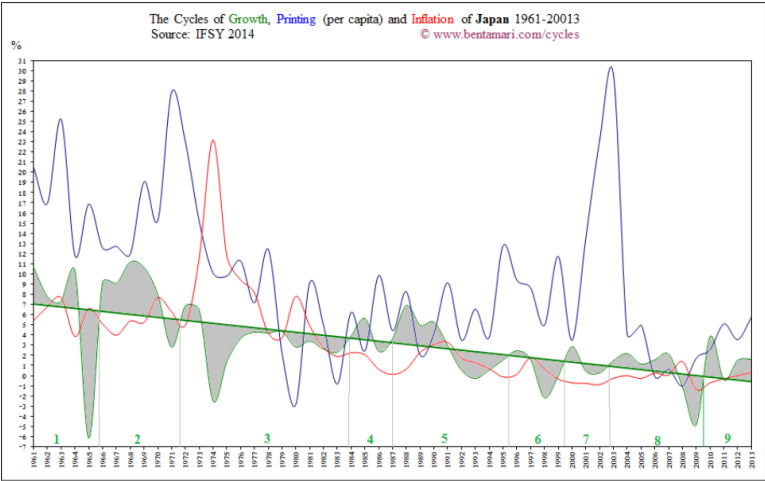


The economic cycles of **Israel** 1961-2013.

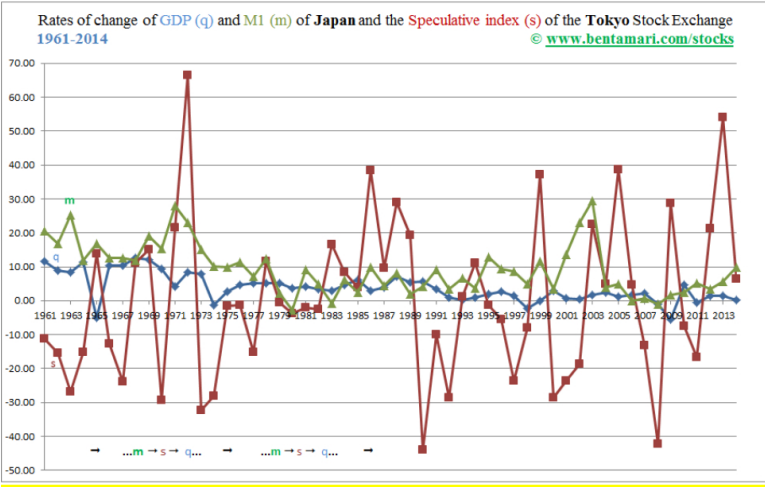




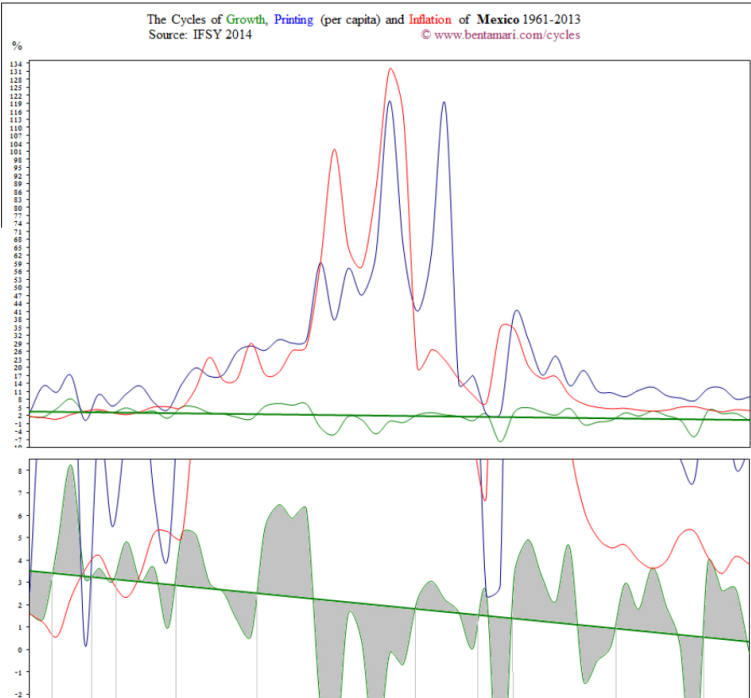
The economic cycles of **Japan** 1961-2013.

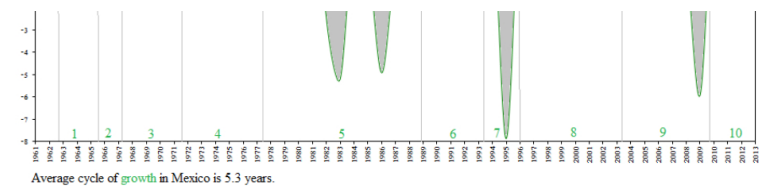


Average cycle of **growth** in Japan is 5.9 years.

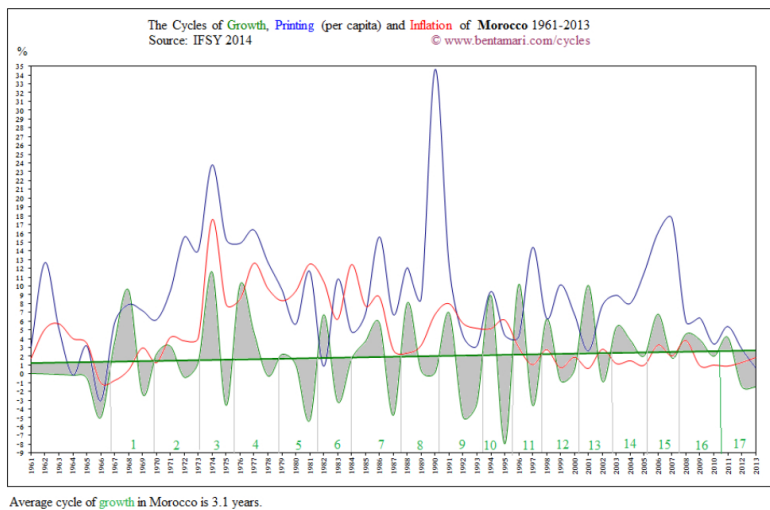


The economic cycles of **Mexico** 1961-2013.

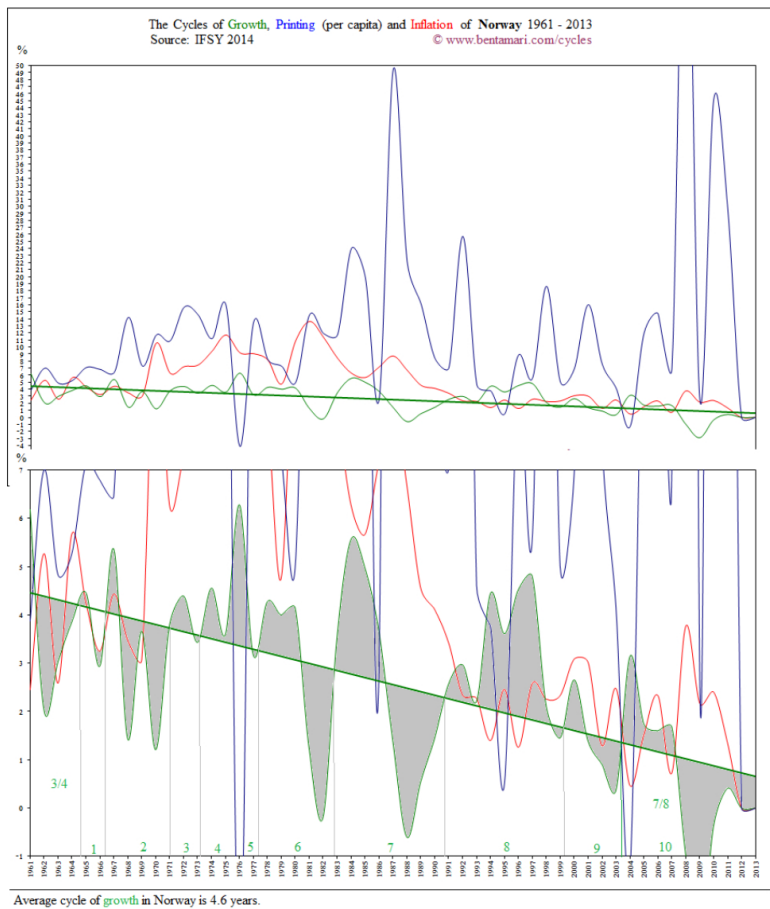




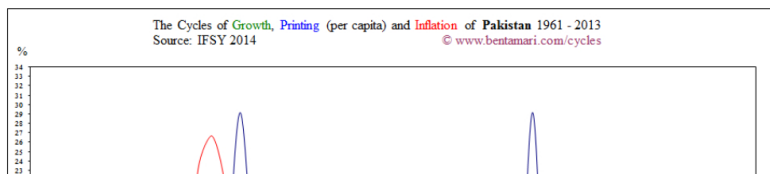
The economic cycles of **Morocco** 1961-2013.

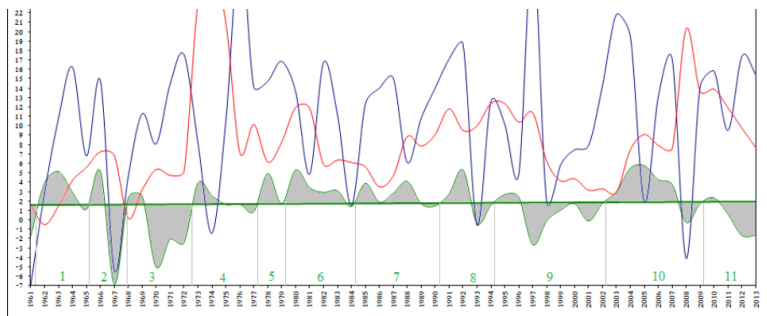


The economic cycles of **Norway** 1961-2013.



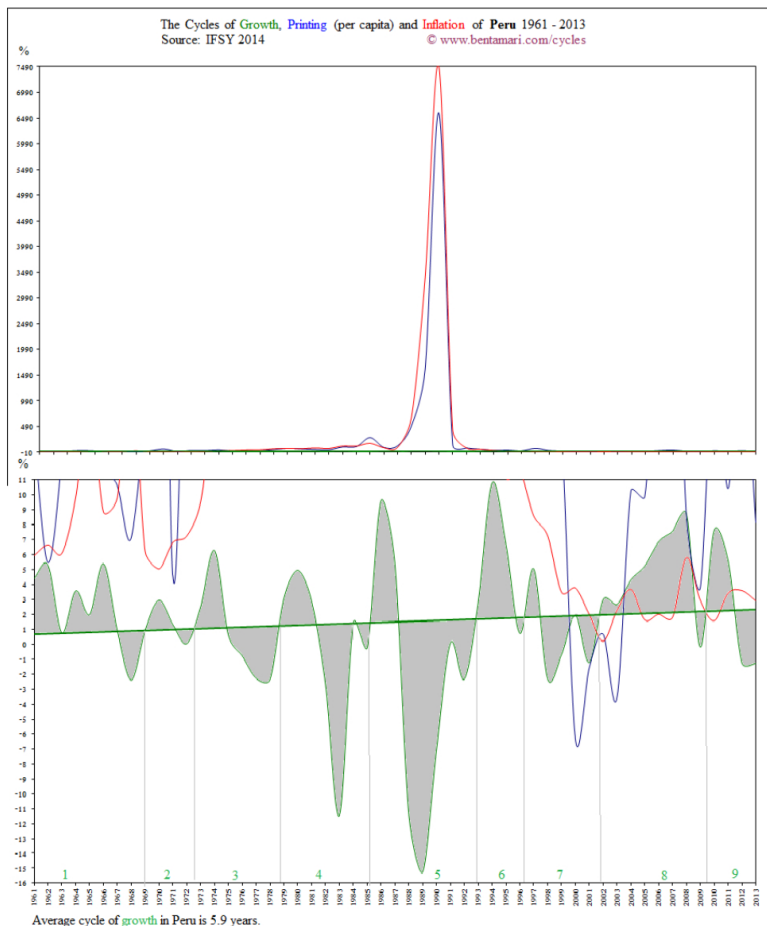
The economic cycles of **Pakistan** 1961-2013.



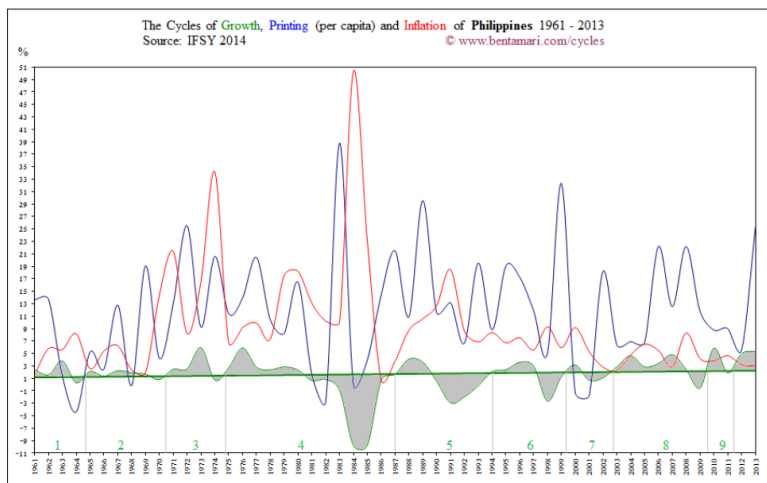


Average cycle of growth in Pakistan is 4.8 years.

The economic cycles of Peru 1961-2013.

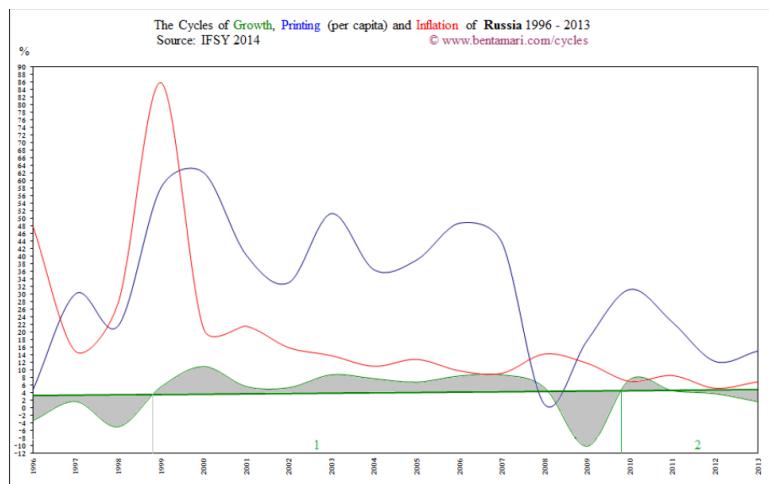


The economic cycles of the Philippines 1961-2013.



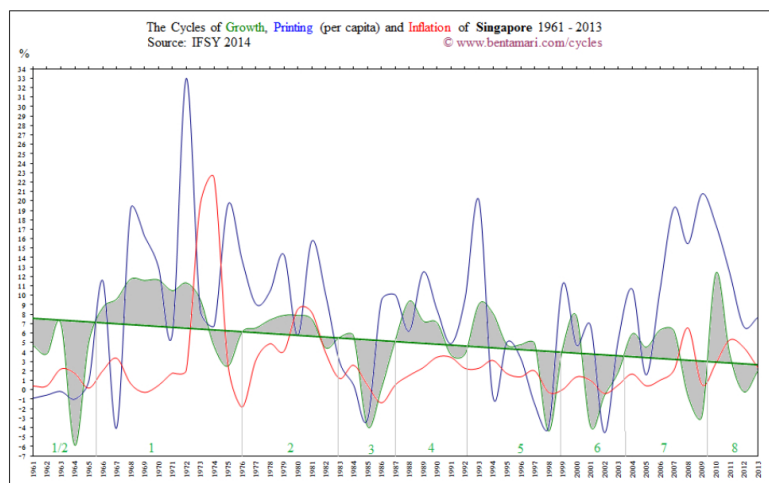
Average cycle of growth in Philippines is 5.8 years.

The economic cycles of Russia 1995-2013.



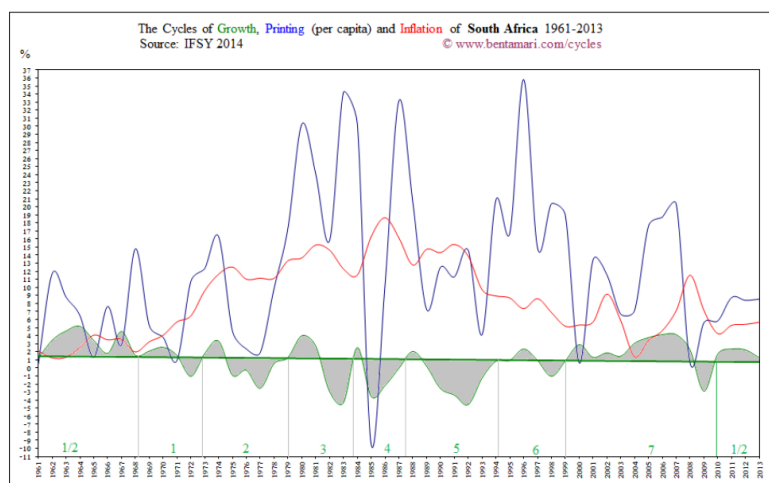
Average cycle of **growth** in Russia is 8.5 years.

The economic cycles of **Singapore** 1961-2013.



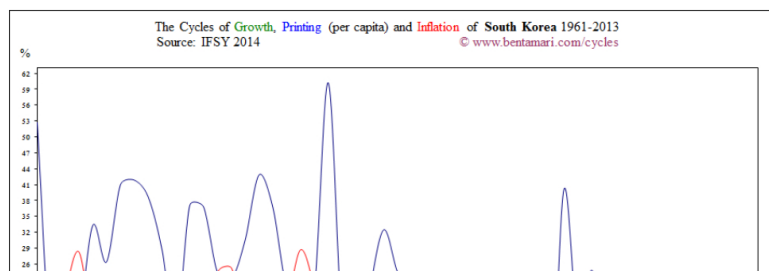
Average cycle of **growth** in Singapore is 6.2 years.

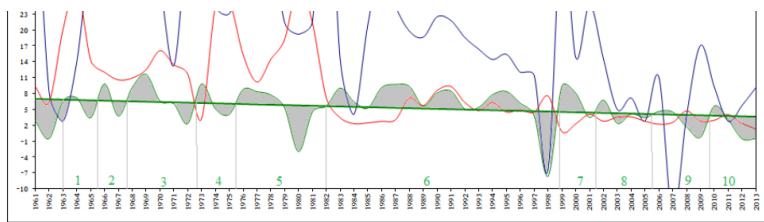
The economic cycles of **South Africa** 1961-2013.



Average cycle of **growth** in South Africa is 6.6 years.

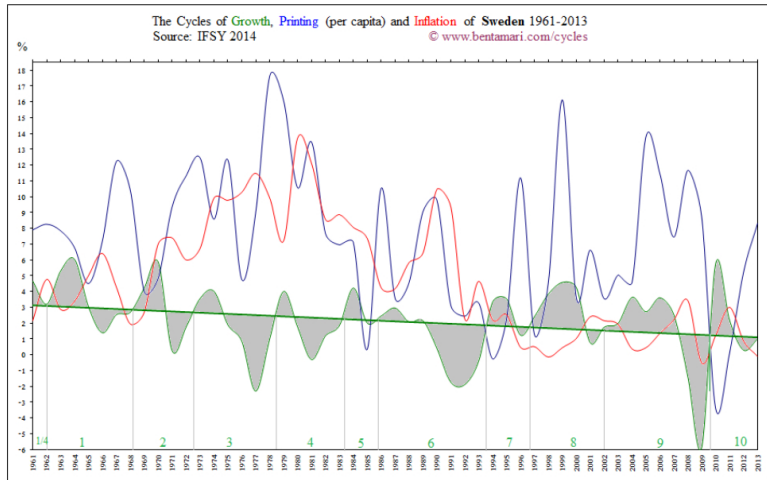
The economic cycles of **South Korea** 1961-2013.





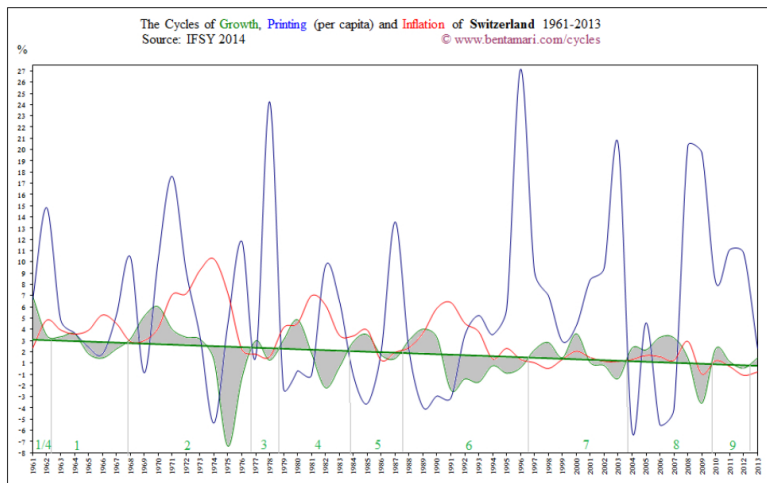
Average cycle of growth in South Korea is 5.3 years.

The economic cycles of Sweden 1961-2013.



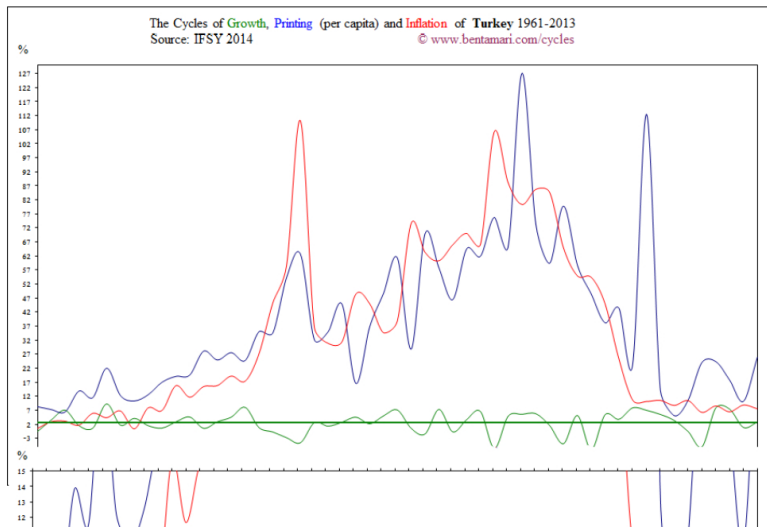
Average cycle of growth in Sweden is 5.2 years.

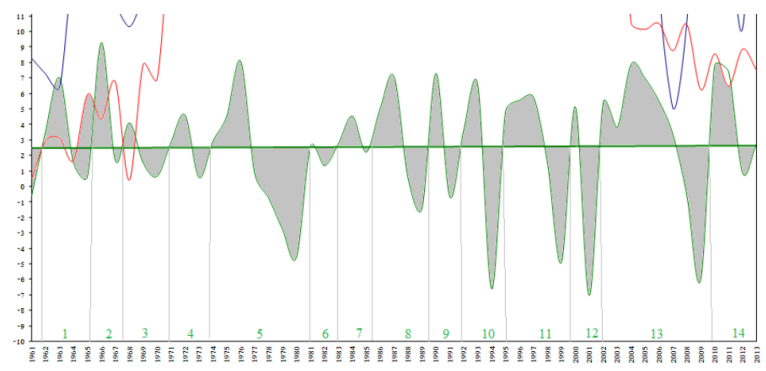
The economic cycles of Switzerland 1961-2013.



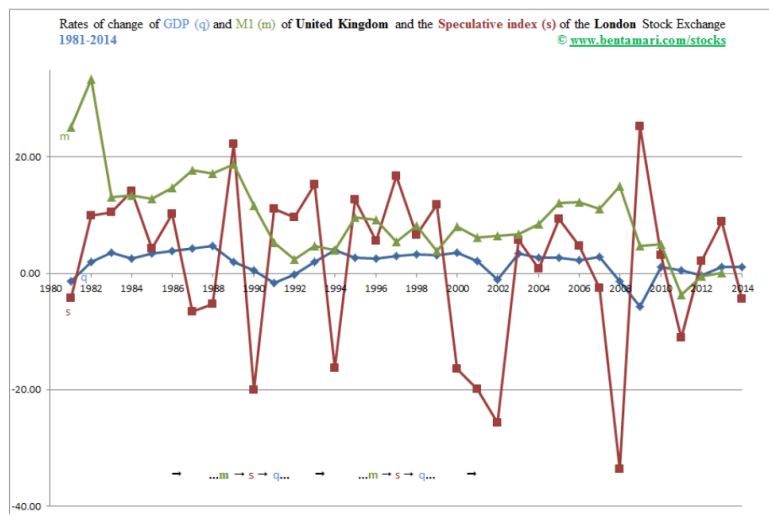
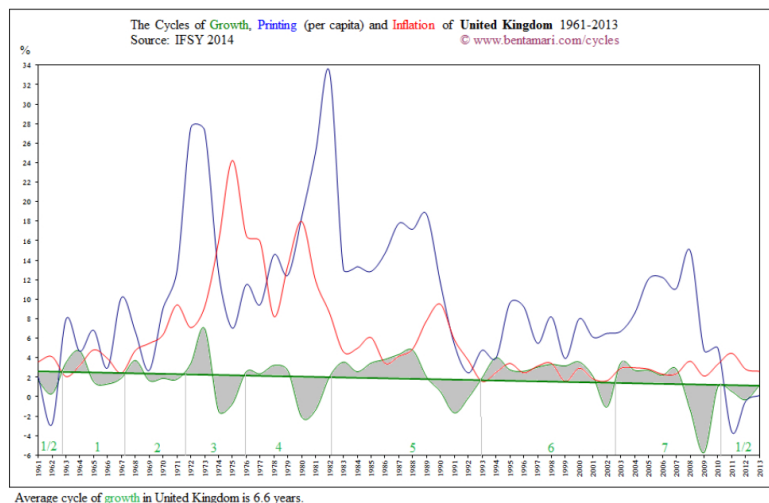
Average cycle of growth in Switzerland is 5.7 years.

The economic cycles of Turkey 1961-2013.

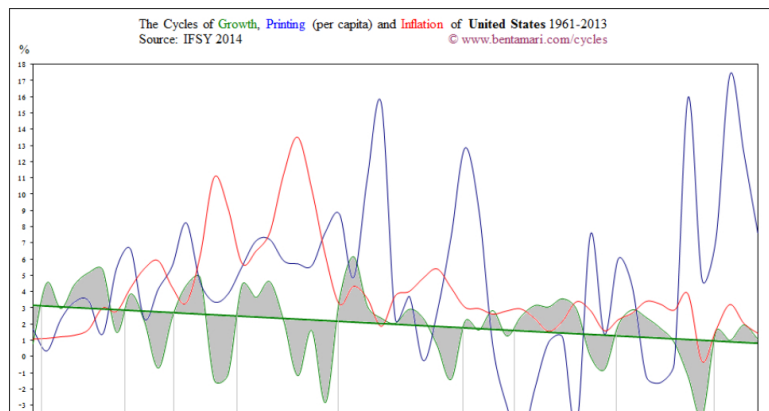


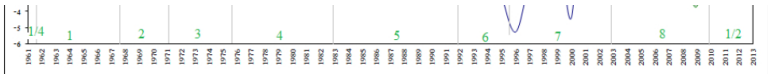


The economic cycles of the **United Kingdom** 1961-2013.

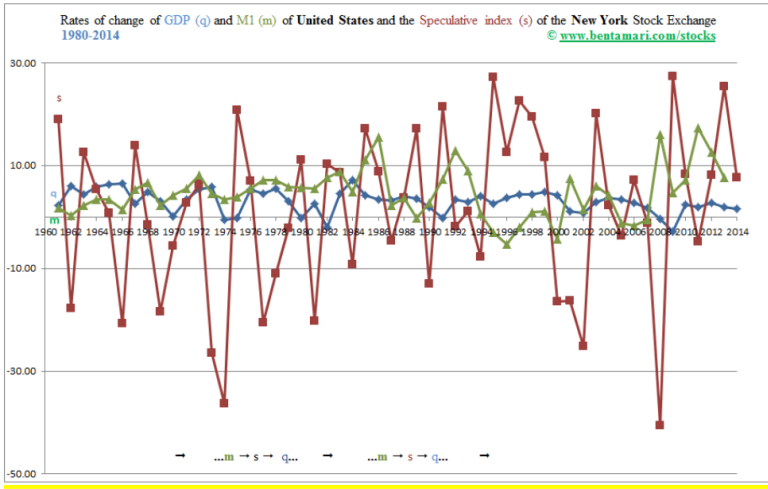


The economic cycles of the **United States** 1961-2013.

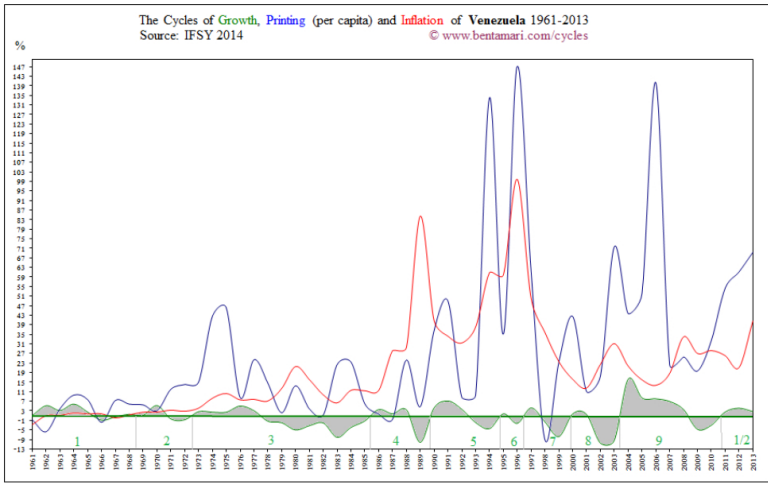




Average cycle of growth in United States is 6.1 years.



The economic cycles of Venezuela 1961-2013.

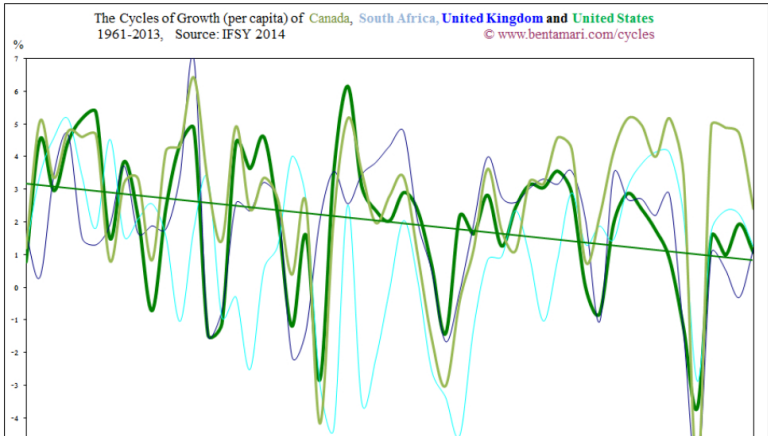


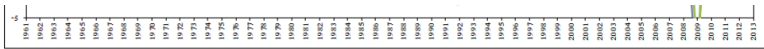
Average cycle of growth in Venezuela is 5.6 years.



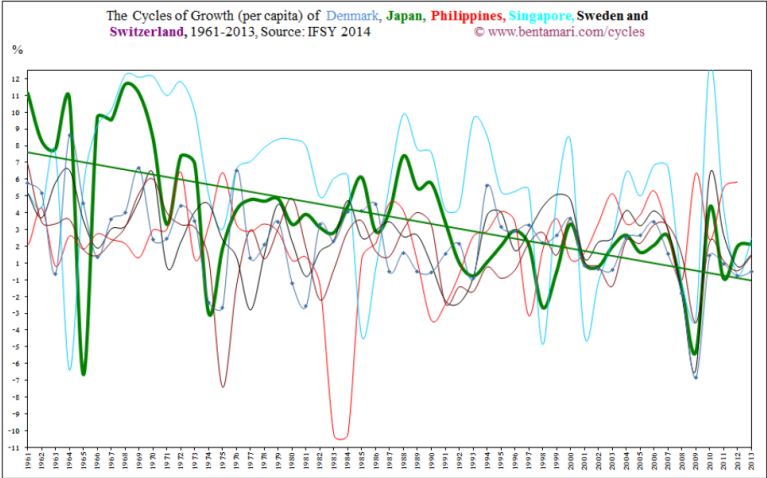
Note 1, 15 August 2010 Note on "harmonies" or "adjusted countries"

First harmony - The group consists of the USA (the locomotive leader), the United kingdom, Canada and South-Africa.



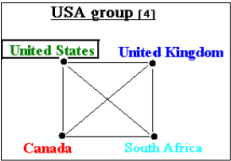


Second harmony - The group consists of **Japan** (the locomotive leader), **Denmark**, **the Philippines**, **Singapore**, **Sweden** and **Switzerland**.

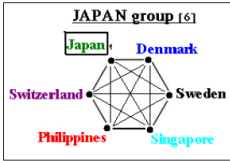


We can call these harmonies/adjusted countries: 'Economic/Commerce Groups'. The operation/relation X (X for exchange relations) exists between any two members of the group.

USA commerce/economic group

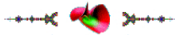


Japan commerce/economic group



Source of data: Processed by the author from data in the "[International Financial Statistics, Yearbook 2014](#)" (IFS, *.PDF ed.), IMF.

No adjustment or filters were used to process the data, just the rates of change of the data themselves.



Books:

American Economic Association Series (1950). "*Readings in Business Cycle Theory*."

Burns, A.F. and Mitchell, W.C. (1946). "*Measuring Business Cycles*." New York, National Bureau of Economic Research.

Dewey, E.R. and Dakin, E.F. (1947). "*Cycles: The Science of Prediction*." Henry Holt and Company, NY.

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Ellis, J.H. (2005). "*Ahead of the Curve; A Commonsense Guide to Forecasting Business and Market Cycles*." Harvard Business School Press, Boston, Massachusetts.

Hicks, J.R. (1950). "*A Contribution to the Theory of the Trade Cycle*." Oxford.

Hansen, A. (1951). "*Business Cycles and National Income*." Norton, NY.

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Niemira, M.P. and Klein, P.A. (1994). "*Forecasting Financial and Economic Cycles*." John Wiley & Sons, Ltd.

Pierre-Yves, H. (1981). "*Macrodynamics Fluctuations and Growth*." Routledge & Kegan Paul.

Puu, T. (1991). "*Nonlinear Economic Dynamics*." 2nd ed., Springer-Verlag.

Puu, T. and Sushko, I. (Eds.) (2006). "*Business Cycle Dynamics*." Springer.

Rosser, J.B. (1991). "*From Catastrophe to Chaos: A General Theory of Economic Discontinuities*." Kluwer Academic Publishers.

Schumpeter, A.J. (1939). "*Business Cycles*." McGraw-Hill, NY.

Tvede, L. (2006). "*Business Cycles*." 3rd ed. John Wiley & Sons, Ltd.

Links:

- http://en.wikipedia.org/wiki/List_of_cycles
- http://en.wikipedia.org/wiki/Business_cycle
- http://www.wikinvest.com/concept/U.S._Economic_Cycles

<http://solarscience.msfc.nasa.gov/SunspotCycle.shtml>

<http://www.colorado.edu/Economics/courses/econ2020/section7/section7-main.html>

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